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Wednesday
January 7, 1953

Staff meeting.

At 11:00 o'clock the Yugoslav Ambassador came to see me. I had Wally Barbour and Ty Wood with me. I read him the following paper:

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"The Ambassador of the Federal People's Republic of Yugoslavia will recall that upon the occasion of his last call on November 19 he described the grievous impact upon the economy of Yugoslavia of the recent drought and propounded the need for United States assistance. At that time the Ambassador was informed that the United States Government was aware of the seriousness of the situation and was giving it earnest consideration.

"As the Ambassador knows, in the past when resources have been available the United States has consistently aided friendly peoples who through no fault of their own have suffered economic or other severe hardships due to exigencies of weather, disease, or war. This United States policy has had its applicability to the peoples of Yugoslavia in the UNRRA and 1950 food aid programs as well as the tripartite program of assistance.

"In accordance with these humanitarian traditions, the Ambassador's Government has today been advised in Belgrade that the United States Government has now been able to arrange for the reprograming of mutual security funds so as to grant to the Yugoslav Government as extraordinary drought assistance the sum of $20 million.

"United States experts have thoroughly studied the situation with officials of the Yugoslav Government and believe that the Yugoslav Government should be able with this additional assistance of $20 million

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to cope with the emergency. It is understood that estimates and judgments of what the Yugoslav Government might be expected to be able to do in this respect can be made available in detail to the appropriate Yugoslav authorities by USA representatives in Belgrade. It should be emphasized that these views do not constitute economic conditions to the additional grant but are simply technical suggestions which it is hoped will prove helpful.

"As the Ambassador and his Government know, neither in respect to the Yugoslav Government nor any other government, has the United States endeavored to impose political conditions to any aid which it has extended --military, economic or financial. The countries of Western Europe can testify to this in connection with the Marshall Plan aid and mutual defense assistance. The Yugoslav Government itself knows from its own experience that this has been the fact in connection with the various aid programs which have been extended to Yugoslavia.

"Notwithstanding this broad policy, which the United States has followed in the past and continues to follow, the United States Government feels impelled to call to the attention of the Yugoslav Government certain factors which are making it increasingly difficult for this Government to pursue its policy of developing mutual cooperation with Yugoslavia.

"The United States Government wishes to refer in the foregoing connection to the frequency with which in recent public utterances various high Yugoslav officials have adversely criticised United States policy toward their country and by so doing have in effect attempted to exert political pressure on the United States Government to alter these

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policies, particularly in the economic sphere. For example, Marshal Tito in recent speeches implied that Yugoslavia was getting no help from the United States in its current economic difficulties and indicated that, faced with this attitude, there was "another outcome" for Yugoslav policy. Such public misinterpretation of United States motives and actions is gravely prejudicial to the development of that mutual understanding which the United States desires. This tone, which presents a sharp contrast to the attitude of the United States Government in carefully refraining from attaching political strings to its economic assistance to Yugoslavia, was being sounded at the very time this Government was moving toward its decision to grant additional drought aid to Yugoslavia and was in the midst of making the difficult financial rearrangements necessary to provide funds for this purpose.

"As the Yugoslav Government knows, one of the fundamental convictions of the United States Government is the necessity to create a strong collective security system against Soviet aggression in all parts of the world including, of course, southeastern Europe. In this area an indispensable link in the establishment of such a system is an Italian-Yugoslav rapprochement and the United States has, therefore, a profound and direct interest in furthering the development of friendly relations between Yugoslavia and Italy which it has repeatedly manifested.

"For this reason, the United States Government is experiencing increasing concern over the growing friction between Yugoslavia and Italy, its ally in NATO, which has recently become so apparent. In illustration of the bitter feelings which have developed between the two countries, it is necessary only to turn to the failure to reach a

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satisfactory solution of the Trieste problem and various inflammatory statements by Yugoslav officials concerning Italy. It is not intended to pass judgment on the merits of these issues. It is the fact, however, that they have resulted in the deterioration of Italian-Yugoslav relations to their present low point and have worked to place the United States in a position vis-à-vis its Italian ally and the other members of NATO which it is impossible to ignore.

"The United States Government has sincerely endeavored to improve relations with Yugoslavia and will continue to do so. While the United States Government does not agree with many of the policies and actions of the Yugoslav Government, it has gone on the assumption that the fundamental interests of the two countries are parallel, particularly when both the United States and the rest of the world are under the shadow of the Soviet threat. Cooperation between the United States and Yugoslavia to be successful must be extended by both sides in a mutual spirit of understanding. It cannot be a one way street. The emergency drought aid which the United States Government is now extending to Yugoslavia has been made available in this spirit.

"It is the intention of the United States Government to keep the foregoing expression of its views secret and it will not discuss them with any other government."

I explained to the Ambassador that this somewhat unusual procedure was being followed since I was sure [redacted] he would want his interpretor to make careful notes of it but that it was not an aide memoire or an official document. It simply represented what ordinarily I would have told him in conversation reduced to writing, and I would see that his

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interpreter had a copy of it to refresh his recollection of our conversation.

The Ambassador responded at length for about 45 minutes, including time for translation of his remarks. I think he was a bit shaken up over our statement to his Government and he made a courteous counter-attack.

Donald Lourie, President of the Quaker Oats Company of Chicago, who has just been designated as Under Secretary of State for Administration, came to see me. He appeared to be a [redacted] nice fellow. [redacted]

Afterwards, Herman Phleger, who is to take Adrian Fisher's position as Legal Adviser, called and talked to me. He is a famous lawyer in San Francisco and, from all I have heard of him and from my own impression of him, Dulles will be lucky to have him in the Department.

He was followed by Carl McCardle of the Philadelphia Evening Bulletin, whom I have known for some years and who has been designated as Assistant Secretary of State for Public Affairs, replacing Howland Sargeant.

I had lunch today at the Saudi Arabian Embassy in honor of Prince Faisal. The Prince and myself did not get into any argument, which was so much to the good. The Egyptian Ambassador and Dr. Malik, an accomplished Lebanese, were also there.

The Egyptian was quite sunk over the inability of his country so far to get economic or military aid from us. We had taken certain steps in the staff meeting this morning which I think would have been pleasing to him, but it is evident [redacted] he is not [redacted] well informed about our present negotiations with his Government because of lack of instructions

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DECLASSIFIED 7/63

from his home office as to what has happened [redacted] recently.

I met this afternoon with the Secretary and Messrs. Matthews, Nitze and Arneson to discuss an atomic energy matter.

Gardner Platt came to see me. He is Dean's brother-in-law and an old friend of mine; he [redacted] wishes to get a job with CIA and to have my help in discussing this with Allen Dulles.

The Saudi Arabian Ambassador called on me; [redacted]. I told him [redacted] we would not be willing to join, as his Government had requested, in a tripartite plebiscite commission to try to settle the Al-Buraimi dispute. We thought that arbitration was the proper method of dealing with this case.

Tonight we went to a dinner given by Alice and Dean at Blair House for about twenty of the senior diplomats. This was followed by a reception for the whole Diplomatic Corps.

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